

Memorandum



Municipal Budget Office

Date: November 4, 2016

To: Mayor and Councilmembers

From: Cecilia Robles, Municipal Budget Director (480-350-8881)

Through: Ken Jones, Deputy City Manager, CFO (480-350-8504)

Subject: Quarterly Financial Report for FY 2016-17 Q1

Attached is the Quarterly Financial Report for the first quarter of Fiscal Year 2016-17, the quarter ending September 30, 2016. We have included a quick-reference Table of Contents on the following page, which will allow you to quickly navigate to areas of interest by clicking on titles or page numbers. The small Tempe logo on every page will return you to the Table of Contents. The report can also be found on the Municipal Budget Office's Internet page.

Please let me know if you have questions about the information contained in this report.

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Performance Ratings Key

- Positive** = A positive variance, or a negative variance of less than 2%, which shows the category is performing close to historical trends.
- Watch** = A negative variance between 2-5%, compared to historical trends.
- Negative** = A negative variance of greater than 5%, compared to historical trends.

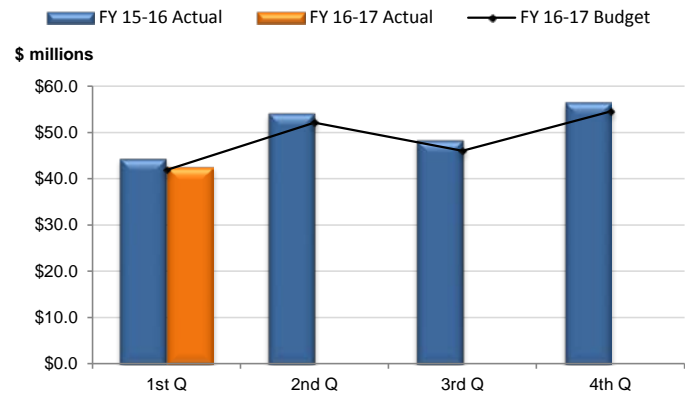


General Fund Revenue Quarterly Analysis

Page 1

		FY 16-17 Adopted Budget	FY 16-17 Actual Revenue	% of Budget Collected	% of Budget Hist
1st Q	Jul-Sep 16	\$ 41,887,883	\$ 42,694,557	21.9%	21.5%
2nd Q	Oct-Dec 16	52,129,274			
3rd Q	Jan-Mar 17	46,056,500			
4th Q	Apr-Jun 17	54,566,933			
Total		\$ 194,640,591	\$ 42,694,557	21.9%	21.5%
Variance from Budget			\$ 806,673	0.4%	

Positive



Through the first quarter of FY 2016-17, General Fund revenue is 21.9% of budget, compared with a historical percentage of 21.5%. In terms of budget-to-actual variance, total collections are above the anticipated revenue target for the first quarter. The scope of budget-to-actual variance for each category can be seen in the table and graph at the bottom-right corner of this page. Quarterly collection detail by category can be found on pages 2 through 6 of this report.



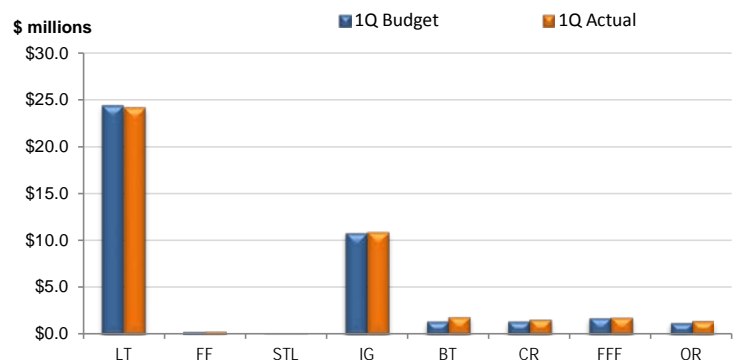
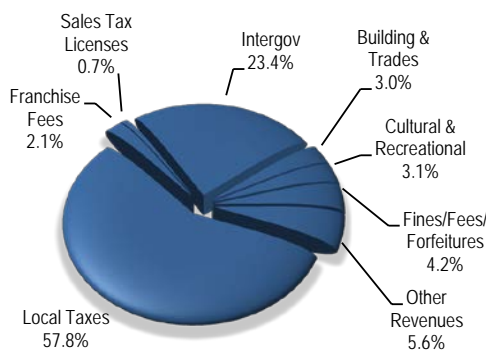
General Fund Revenue by Category

Revenue Categories	FY 16-17 Annual Budget	% of Annual Budget
Local Taxes	\$ 112,458,939	57.8%
Franchise Fees	4,095,479	2.1%
Sales Tax Licenses	1,458,000	0.7%
Intergovernmental	45,489,227	23.4%
Building & Trades	5,875,500	3.0%
Cultural & Recreational	6,064,584	3.1%
Fines/Fees/Forfeitures	8,203,068	4.2%
Other Revenues	10,995,794	5.6%
Total	\$ 194,640,591	

Cumulative Revenue through 1Q 2016-2017

	1Q Budget Target	1Q Actual Revenue	% of Budget Target
Local Taxes (LT)	\$ 24,528,474	\$ 24,269,810	99%
Franchise Fees (FF)	344,397	362,165	105%
Sales Tax Licenses (STL)	97,428	98,076	101%
Intergovernmental (IG)	10,924,880	11,004,057	101%
Building & Trades (BT)	1,431,468	1,948,167	136%
Cultural & Recreational (CR)	1,446,205	1,659,770	115%
Fines/Fees/Forfeitures (FFF)	1,821,214	1,880,521	103%
Other Revenues (OR)	1,293,817	1,471,990	114%
Total	\$ 41,887,883	\$ 42,694,557	102%

FY 16-17 Budget

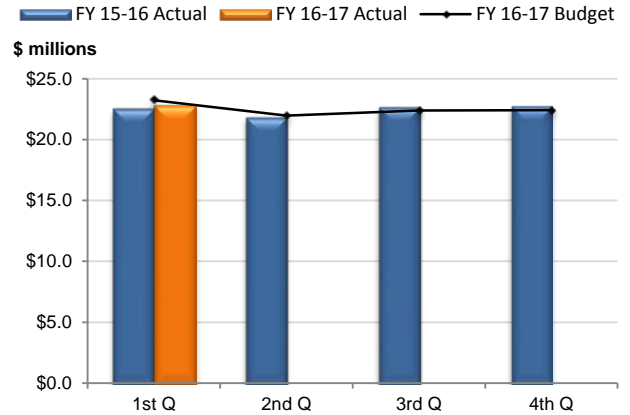




Sales Tax

		FY 16-17 Adopted Budget	FY 16-17 Actual Revenue	% of Budget Collected	% of Budget Hist
1st Q	Jul-Sep 16	\$ 23,253,976	\$ 22,847,052	25.4%	25.8%
2nd Q	Oct-Dec 16	21,990,495			
3rd Q	Jan-Mar 17	22,411,252			
4th Q	Apr-Jun 17	22,423,889			
Total		\$ 90,079,612	\$ 22,847,052	25.4%	25.8%
Variance from Budget			\$ (406,924)	-0.4%	

Positive



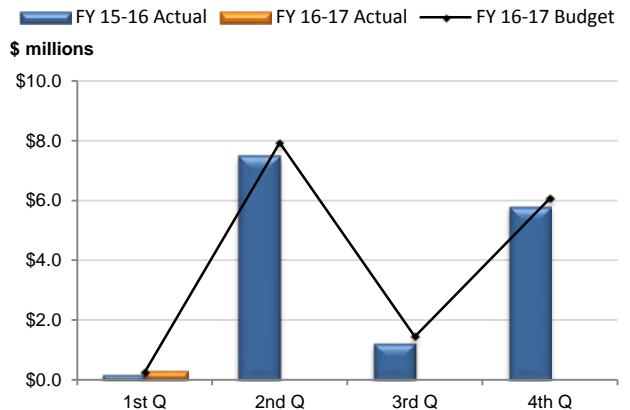
City Sales Taxes are generated by a 1.8% levy on sales transactions in the city. Of the total 1.8% rate, 1.2% is deposited in the General Fund, 0.5% is dedicated for Transit purposes, and the remaining 0.1% is deposited in the Performing Arts Fund. The amount deposited in the General Fund is depicted in the table and graph above. This revenue source contributes 46.3% of the General Fund budget in FY 2016-17 making it the City's largest revenue source. Through the first quarter of FY 2016-17, Sales Tax collections are 25.4% of budget, which is below the historical average of 25.8%. In terms of budget-to-actual variance, collections are 0.4% below the budgeted value.



Property Tax

		FY 16-17 Adopted Budget	FY 16-17 Actual Revenue	% of Budget Collected	% of Budget Hist
1st Q	Jul-Sep 16	\$ 244,740	\$ 287,745	1.8%	1.6%
2nd Q	Oct-Dec 16	7,927,516			
3rd Q	Jan-Mar 17	1,449,466			
4th Q	Apr-Jun 17	6,068,518			
Total		\$ 15,690,240	\$ 287,745	1.8%	1.6%
Variance from Budget			\$ 43,006	0.2%	

Positive



Property Tax revenue in the General Fund is generated by a \$0.94 charge per \$100 of the primary assessed valuation of real and personal property. In FY 2016-17, Property Taxes contribute 8.1% of budgeted General Fund revenue. Through the first quarter of FY 2016-17, Property Tax collections are 1.8% of budget, which is consistent with the historical average of 1.6%.

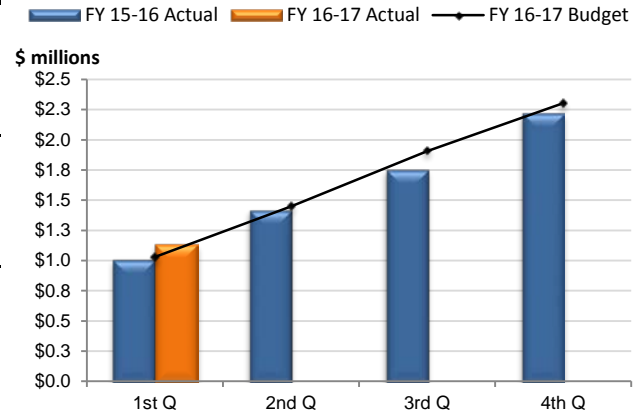


Bed Tax

		FY 16-17 Adopted Budget	FY 16-17 Actual Revenue	% of Budget Collected	% of Budget Hist
1st Q	Jul-Sep 16	\$ 1,029,758	\$ 1,135,013	17.0%	15.4%
2nd Q	Oct-Dec 16	1,448,854			
3rd Q	Jan-Mar 17	1,907,459			
4th Q	Apr-Jun 17	2,303,016			
Total		\$ 6,689,087	\$ 1,135,013	17.0%	15.4%

Variance from Budget \$ 105,254 1.6%

Positive



The Transient Lodging Tax, or Bed Tax is a 5.0% levy on hotel and motel sales that contributes approximately 3.4% of budgeted General Fund revenue in FY 2016-17. Bed Tax collections through the first quarter of FY 2016-17 are 17.0% of budget, approximately 1.6% above the historical average. In terms of budget-to-actual variance, collections are \$105,254 above the budgeted value.

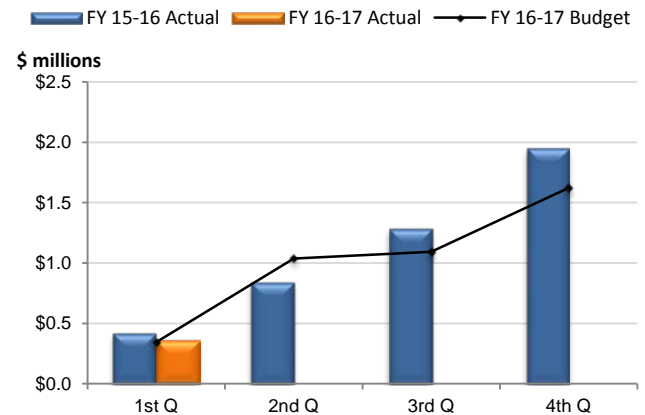


Franchise Fees

		FY 16-17 Adopted Budget	FY 16-17 Actual Revenue	% of Budget Collected	% of Budget Hist
1st Q	Jul-Sep 16	\$ 344,397	\$ 362,165	8.8%	8.4%
2nd Q	Oct-Dec 16	1,036,383			
3rd Q	Jan-Mar 17	1,092,124			
4th Q	Apr-Jun 17	1,622,575			
Total		\$ 4,095,479	\$ 362,165	8.8%	8.4%

Variance from Budget \$ 17,768 0.4%

Positive



Franchise Fee revenues are collected based on specific agreements with service providers in the city, including Arizona Public Service (2.0% of revenue), Cox Communications (5.0% of gross revenue), Southwest Gas (2.0% of gross revenue), and a number of telecommunications service providers. These fees contribute 2.1% of annual General Fund revenue. Franchise Fee payments are 8.8% of the budgeted amount through the first quarter of FY 2016-17, compared to 8.4% historically. In terms of budget-to-actual variance, collections are \$17,768 above the budgeted expectation.



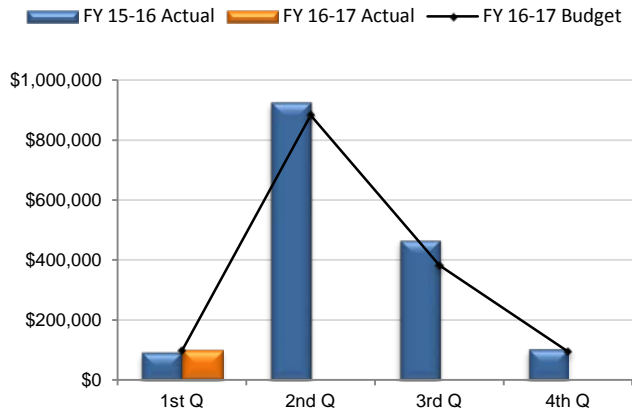
Sales Tax Licenses

		FY 16-17 Adopted Budget	FY 16-17 Actual Revenue	% of Budget Collected	% of Budget Hist
1st Q	Jul-Sep 16	\$ 97,428	\$ 98,076	6.7%	6.7%
2nd Q	Oct-Dec 16	883,394			
3rd Q	Jan-Mar 17	382,367			
4th Q	Apr-Jun 17	94,811			
Total		\$ 1,458,000	\$ 98,076	6.7%	6.7%

Variance from Budget

\$ 648 0.0%

Positive



The City requires taxable business activities to be licensed, with the annual licensing fee amount varying by business type. Sales Tax License collections through the first quarter of FY 2016-17 were 6.7% of budget, compared to the historical average of 6.7%. Sales Tax Licenses contribute 0.7% of annual General Fund revenue. In terms of budget-to-actual variance, collections are right at the budgeted value.



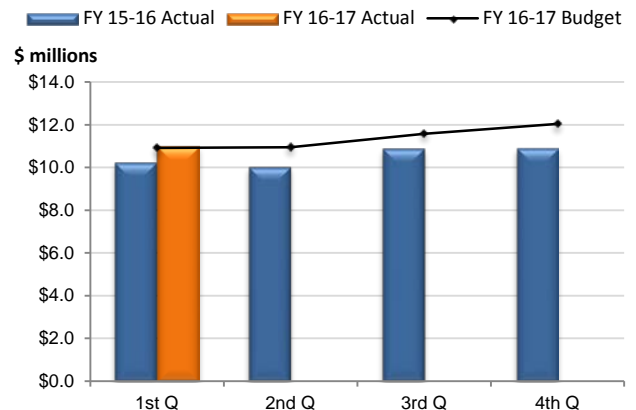
Intergovernmental

		FY 16-17 Adopted Budget	FY 16-17 Actual Revenue	% of Budget Collected	% of Budget Hist
1st Q	Jul-Sep 16	\$ 10,924,880	\$ 11,004,057	24.2%	24.0%
2nd Q	Oct-Dec 16	10,947,177			
3rd Q	Jan-Mar 17	11,578,252			
4th Q	Apr-Jun 17	12,038,918			
Total		\$ 45,489,227	\$ 11,004,057	24.2%	24.0%

Variance from Budget

\$ 79,177 0.2%

Positive



Intergovernmental Revenue includes distributions of State Income Taxes, State Sales Taxes, and State Vehicle License Taxes. These revenues are distributed based on Tempe's share of the state urban population as determined by the U.S. Census. In total, these revenues constitute 23.4% of budgeted revenue for FY 2016-17, making this the second largest General Fund revenue source after Sales Taxes. Through the first quarter of FY 2016-17, actual collections are 24.2% of budget, compared to a historical average of 24.0%. In terms of budget-to-actual variance, collections are 0.2%, or \$79,177 above the budgeted projection.

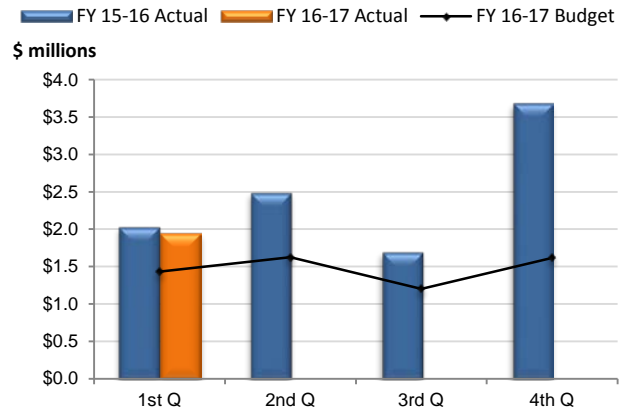


Building & Trades

		FY 16-17 Adopted Budget	FY 16-17 Actual Revenue	% of Budget Collected	% of Budget Hist
1st Q	Jul-Sep 16	\$ 1,431,468	\$ 1,948,167	33.2%	24.4%
2nd Q	Oct-Dec 16	1,623,139			
3rd Q	Jan-Mar 17	1,202,166			
4th Q	Apr-Jun 17	1,618,727			
Total		\$ 5,875,500	\$ 1,948,167	33.2%	24.4%

Variance from Budget \$ 516,700 8.8%

Positive



Building and Trade revenues consist of Building Permit Fees, Plan Check Fees, and other miscellaneous engineering and permitting fees generated by development. These fees are charged to recover a portion of the cost of regulating development. Through the first quarter of FY 2016-17, actual collections are 33.2% of budget, compared to a historical average of 24.4%. Thus far, in terms of budget-to-actual variance, collections are 8.8% above the budgeted estimate. The exceptional performance through the first quarter is due, in large part, to the plan check fees for the Marina Heights project on Rio Salado. This project is expected to boost this revenue stream throughout FY 2016-17.

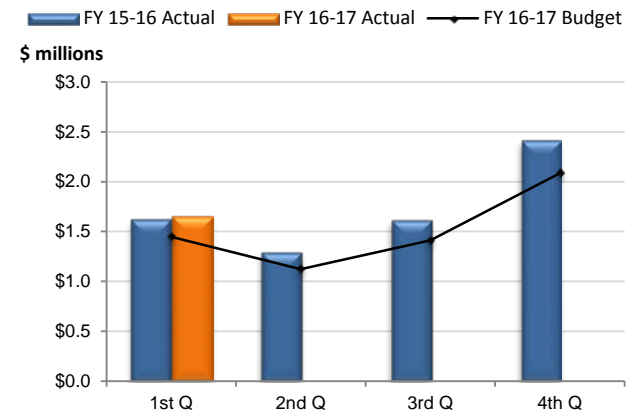


Cultural & Recreational

		FY 16-17 Adopted Budget	FY 16-17 Actual Revenue	% of Budget Collected	% of Budget Hist
1st Q	Jul-Sep 16	\$ 1,446,205	\$ 1,659,770	27.4%	23.8%
2nd Q	Oct-Dec 16	1,121,762			
3rd Q	Jan-Mar 17	1,410,752			
4th Q	Apr-Jun 17	2,085,865			
Total		\$ 6,064,584	\$ 1,659,770	27.4%	23.8%

Variance from Budget \$ 213,565 3.6%

Positive



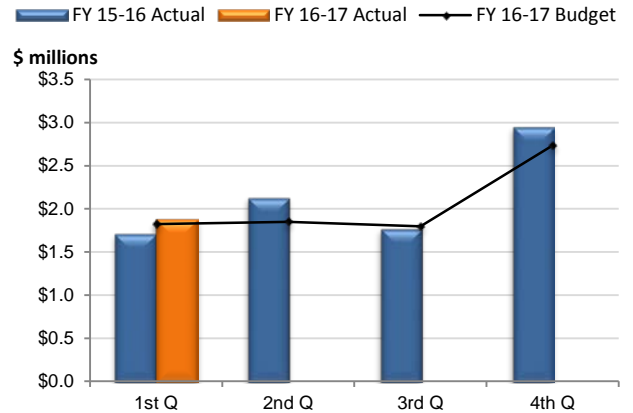
Cultural and Recreational revenues include fees and charges to recover a portion of the costs of providing the City's cultural and recreational programs. The majority of this revenue source is generated from fees charged for the City's Kid Zone program. In total, Cultural and Recreational fees represent 3.1% of total budgeted General Fund revenue for FY 2016-17. Through the first quarter of FY 2016-17, Cultural and Recreational fee collections are 27.4% of budget, compared to the historical average of 23.8%, for a total variance of 3.6%. In terms of budget-to-actual variance, collections are \$213,565 above the budgeted estimate.



Fines, Fees, Forfeitures

		FY 16-17 Adopted Budget	FY 16-17 Actual Revenue	% of Budget Collected	% of Budget Hist
1st Q	Jul-Sep 16	\$ 1,821,214	\$ 1,880,521	22.9%	22.2%
2nd Q	Oct-Dec 16	1,848,801			
3rd Q	Jan-Mar 17	1,798,519			
4th Q	Apr-Jun 17	2,734,533			
Total		\$ 8,203,068	\$ 1,880,521	22.9%	22.2%
Variance from Budget			\$ 59,307	0.7%	

Positive



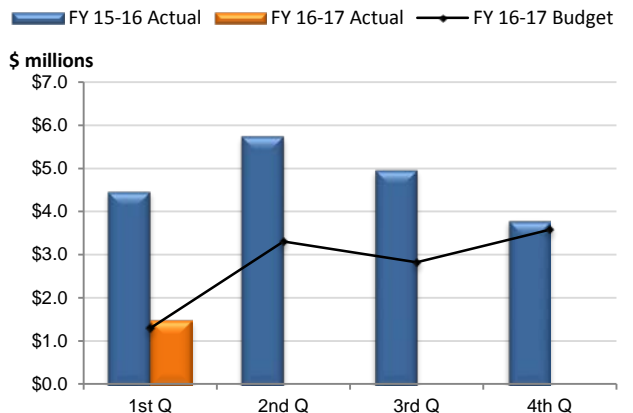
Fines, Fees, and Forfeiture revenue derives from fines and other payments related to violations of state laws and local ordinances, including parking, traffic, and criminal enforcement activities. In total, Fines, Fees, and Forfeitures represent 4.2% of total budgeted General Fund revenue for FY 2016-17. Through the first quarter of FY 2016-17, 22.9% of budgeted revenues have been collected, compared to a historical average of 22.2%. In terms of budget-to-actual variance, this category is 0.7% above the expected value through the first quarter.



Other Revenues

		FY 16-17 Adopted Budget	FY 16-17 Actual Revenue	% of Budget Collected	% of Budget Hist
1st Q	Jul-Sep 16	\$ 1,293,817	\$ 1,471,990	13.4%	11.8%
2nd Q	Oct-Dec 16	3,301,753			
3rd Q	Jan-Mar 17	2,824,143			
4th Q	Apr-Jun 17	3,576,081			
Total		\$ 10,995,794	\$ 1,471,990	13.4%	11.8%
Variance from Budget			\$ 178,173	1.6%	

Positive



Other Revenues include collections from a variety of sources not otherwise accounted for in the major revenue categories. Primary components of Other Revenues are Interest Earnings, Land and Building Facility Rental, and SRP In-Lieu Payments. Through the first quarter of the fiscal year, collections of Other Revenue are 13.4% of the FY 2016-17 budget, compared to a historical tracking percentage of 11.8%.



General Fund Expenditures Quarterly Analysis

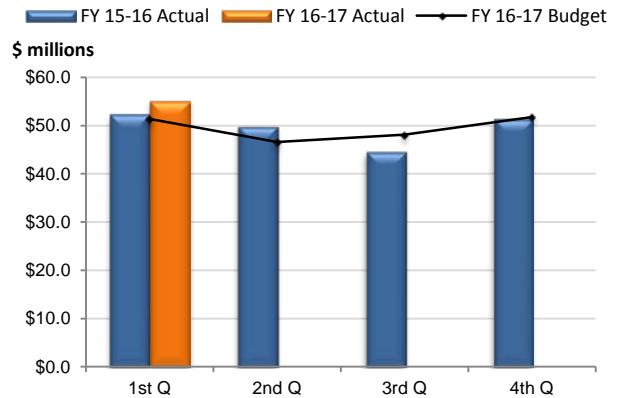
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		FY 16-17 Adopted Budget*	FY 16-17 Actual Exp	% of Budget Exp	% of Budget Hist
1st Q	Jul-Sep 16	\$ 51,391,677	\$ 55,226,009	27.9%	26.0%
2nd Q	Oct-Dec 16	46,557,422			
3rd Q	Jan-Mar 17	48,086,332			
4th Q	Apr-Jun 17	51,752,510			
Total		\$ 197,787,940	\$ 55,226,009	27.9%	26.0%

Variance from Budget \$ (3,834,332) -1.9%

*Budget excludes \$5.0 million contingency appropriation

Positive

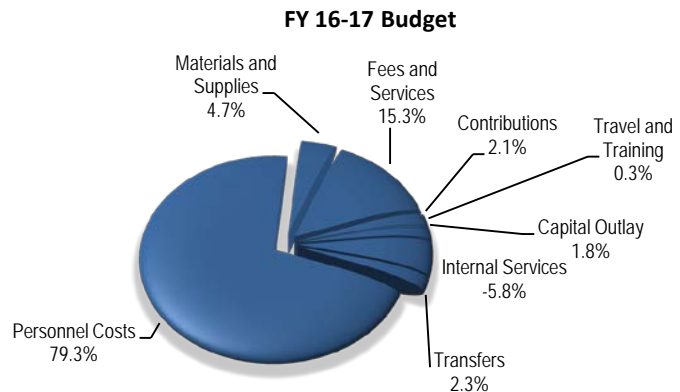


Through the first quarter of FY 2016-17, General Fund expenditures are 27.9% of budget, compared with a historical percentage of 26.0%. In terms of budget-to-actual variance, General Fund expenditures are 1.9% above budget through the first quarter. Departmental quarterly expenditure tracking data can be found on pages 8 through 15 of this report.



General Fund Expenditures By Category

Categories	FY 16-17 Adopted Budget	% of Adopted Budget
Personnel Costs	\$ 156,940,729	79.3%
Materials and Supplies	9,383,061	4.7%
Fees and Services	30,254,736	15.3%
Contributions	4,123,634	2.1%
Travel and Training	597,523	0.3%
Capital Outlay	3,551,736	1.8%
Internal Services	(11,513,779)	-5.8%
Transfers	4,450,300	2.3%
Total	\$ 197,787,940	



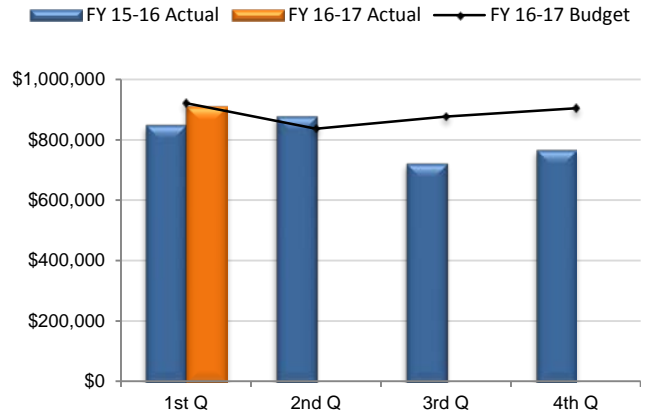


City Attorney's Office

		FY 16-17 Adopted Budget*	FY 16-17 Actual Expend*	% of Budget Spent	% of Budget Hist
1st Q	Jul-Sep 16	\$ 921,160	\$ 911,407	25.8%	26.0%
2nd Q	Oct-Dec 16	836,448			
3rd Q	Jan-Mar 17	876,675			
4th Q	Apr-Jun 17	904,552			
Total		\$ 3,538,835	\$ 911,407	25.8%	26.0%

*amounts are net of internal service charges, and exclude transfers

Variance from Budget \$ 9,753 0.2%



Positive

The City Attorney's Office spent 25.8% of its FY 2016-17 budget through the first quarter, compared to a historical average of 26.0%. In terms of budget-to-actual variance, expenditures are 0.2% lower than budgeted through the first quarter.

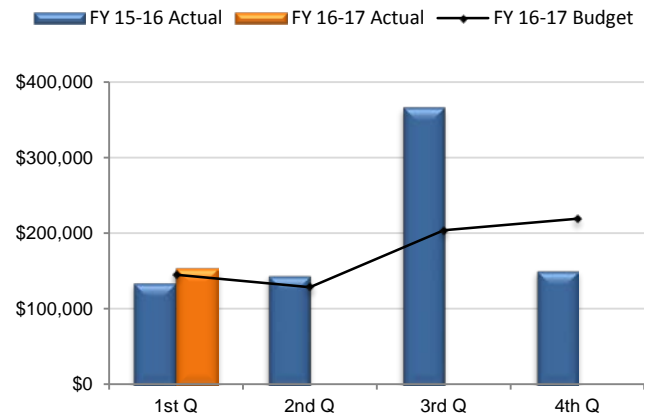


City Clerk's Office

		FY 16-17 Adopted Budget*	FY 16-17 Actual Expend*	% of Budget Spent	% of Budget Hist
1st Q	Jul-Sep 16	\$ 145,092	\$ 153,244	22.0%	20.8%
2nd Q	Oct-Dec 16	128,367			
3rd Q	Jan-Mar 17	203,763			
4th Q	Apr-Jun 17	219,002			
Total		\$ 696,224	\$ 153,244	22.0%	20.8%

*amounts are net of internal service charges, and exclude transfers

Variance from Budget \$ (8,151) -1.2%



Positive

The City Clerk's Office has spent 22.0% of its FY 2016-17 budget through the first quarter, compared to a historical average of 20.8%. In terms of variance from the budget through the first quarter, expenditures are \$8,151 or 1.2% above the expected amount.

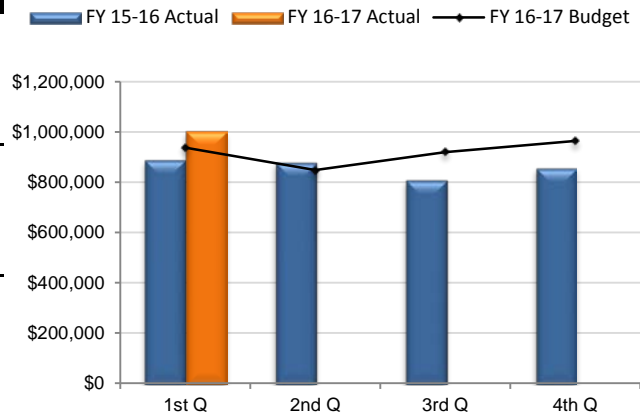


City Court

		FY 16-17 Adopted Budget*	FY 16-17 Actual Expend*	% of Budget Exp	% of Budget Hist
1st Q	Jul-Sep 16	\$ 937,712	\$ 1,003,110	27.3%	25.5%
2nd Q	Oct-Dec 16	848,333			
3rd Q	Jan-Mar 17	920,322			
4th Q	Apr-Jun 17	963,873			
Total		\$ 3,670,240	\$ 1,003,110	27.3%	25.5%

*amounts are net of internal service charges, and exclude transfers

Variance from Budget \$ (65,398) -1.8%



Positive

The City Court has spent 27.3% of its FY 2016-17 budget through the first quarter compared to the historical average of 25.5%. In terms of variance from the budget through the first quarter, expenditures are \$65,398 or 1.8% above the expected amount.

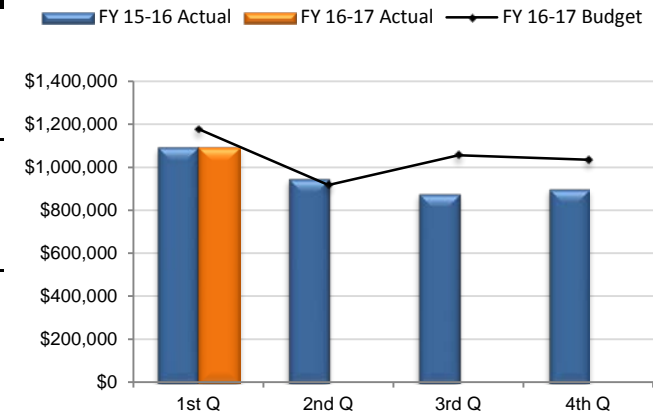


City Manager's Office

		FY 16-17 Adopted Budget*	FY 16-17 Actual Expend*	% of Budget Exp	% of Budget Hist
1st Q	Jul-Sep 16	\$ 1,177,968	\$ 1,095,080	26.2%	28.1%
2nd Q	Oct-Dec 16	917,912			
3rd Q	Jan-Mar 17	1,056,084			
4th Q	Apr-Jun 17	1,034,932			
Total		\$ 4,186,896	\$ 1,095,080	26.2%	28.1%

*amounts are net of internal service charges, and exclude transfers

Variance from Budget \$ 82,888 1.9%



Positive

The City Manager's Office has spent 26.2% of its FY 2016-17 budget through the first quarter, compared to the historical average of 28.1%. In terms of variance from the budget in the first quarter, expenditures are \$82,888 or 1.9% below the expected amount.

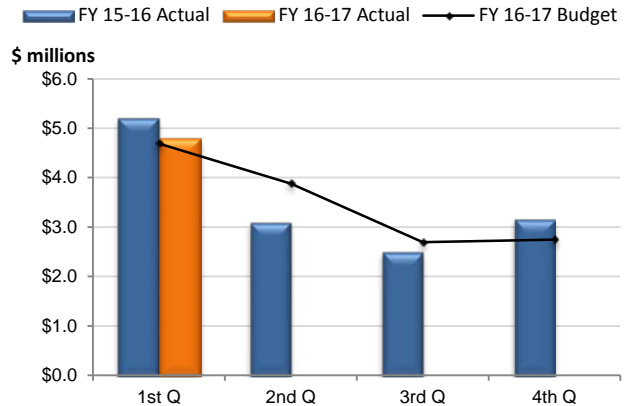


Community Development

		FY 16-17 Adopted Budget*	FY 16-17 Actual Exp*	% of Budget Exp	% of Budget Hist
1st Q	Jul-Sep 16	\$ 4,690,839	\$ 4,808,875	34.3%	33.5%
2nd Q	Oct-Dec 16	3,878,455			
3rd Q	Jan-Mar 17	2,694,174			
4th Q	Apr-Jun 17	2,747,108			
Total		\$ 14,010,576	\$ 4,808,875	34.3%	33.5%

*amounts are net of internal service charges, and exclude transfers

Variance from Budget \$ (118,036) -0.8%



Positive

The Community Development Department has spent 34.3% of its FY 2016-17 budget through the first quarter, compared to the expected value of 33.5%. In terms of variance from the budget, expenditures are \$118,036 or 0.8% above the expected amount.

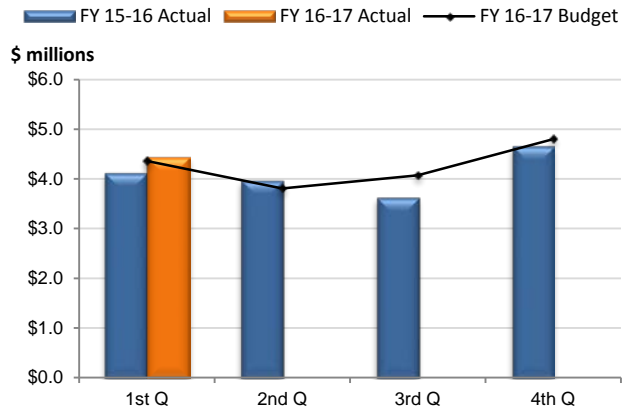


Community Services

		FY 16-17 Adopted Budget*	FY 16-17 Actual Exp*	% of Budget Exp	% of Budget Hist
1st Q	Jul-Sep 16	\$ 4,360,655	\$ 4,439,873	26.1%	25.6%
2nd Q	Oct-Dec 16	3,807,583			
3rd Q	Jan-Mar 17	4,072,494			
4th Q	Apr-Jun 17	4,799,516			
Total		\$ 17,040,249	\$ 4,439,873	26.1%	25.6%

*amounts are net of internal service charges, and exclude transfers

Variance from Budget \$ (79,218) -0.5%



Positive

The Community Services Department spent 26.1% of its FY 2016-17 budget through the first quarter, compared to the historical average of 25.6%. In terms of variance from the budget in the first quarter, expenditures are \$79,218 or 0.5% above the expected amount.

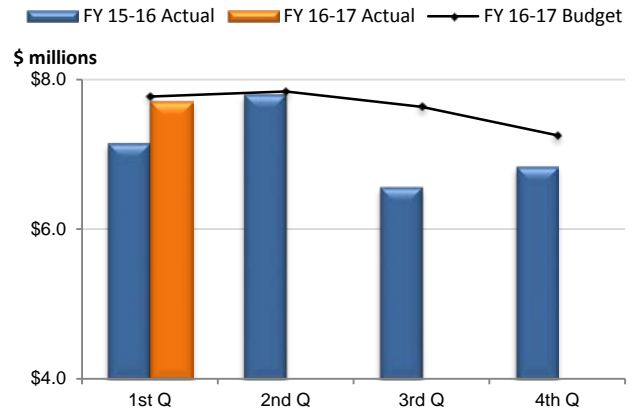


Fire Medical Rescue

		FY 16-17 Adopted Budget*	FY 16-17 Actual Exp*	% of Budget Exp	% of Budget Hist
1st Q	Jul-Sep 16	\$ 7,776,568	\$ 7,709,138	25.3%	25.5%
2nd Q	Oct-Dec 16	7,843,211			
3rd Q	Jan-Mar 17	7,635,626			
4th Q	Apr-Jun 17	7,256,754			
Total		\$ 30,512,159	\$ 7,709,138	25.3%	25.5%

*amounts are net of internal service charges, and exclude transfers

Variance from Budget \$ 67,430 0.2%



Positive

The Fire Medical Rescue Department has spent 25.3% of its FY 2016-17 budget through the first quarter, compared with a historical percentage of 25.5%. In terms of variance from the budget through the first quarter, expenditures are \$67,430 or 0.2% below the expected amount.

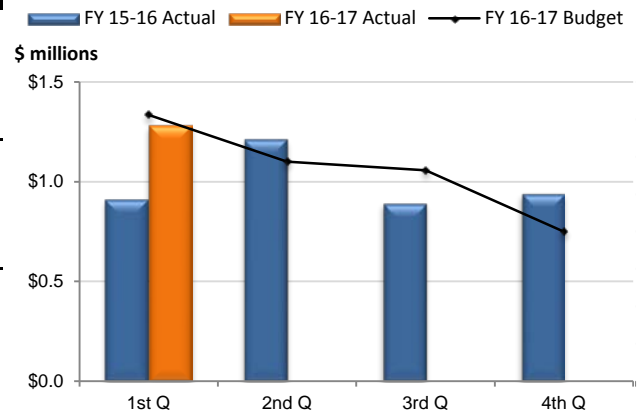


Human Services

		FY 16-17 Adopted Budget*	FY 16-17 Actual Exp*	% of Budget Exp	% of Budget Hist
1st Q	Jul-Sep 16	\$ 1,334,895	\$ 1,283,127	30.3%	31.5%
2nd Q	Oct-Dec 16	1,100,568			
3rd Q	Jan-Mar 17	1,057,017			
4th Q	Apr-Jun 17	748,562			
Total		\$ 4,241,042	\$ 1,283,127	30.3%	31.5%

*amounts are net of internal service charges, and exclude transfers

Variance from Budget \$ 51,769 1.2%



Positive

The Human Services Department, spent 30.3% of its FY 2016-17 budget through the first quarter, compared to a historical average of 31.5%. In terms of variance from the budget in the first quarter, expenditures are \$51,769 or 1.2% below the expected amount.



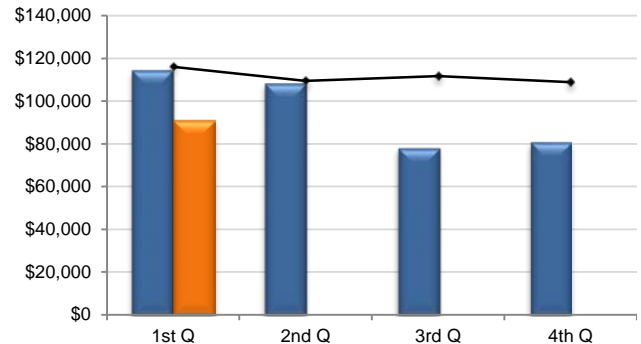
Internal Audit Office

		FY 16-17 Adopted Budget*	FY 16-17 Actual Exp*	% of Budget Exp	% of Budget Hist
1st Q	Jul-Sep 16	\$ 116,147	\$ 90,951	20.4%	26.0%
2nd Q	Oct-Dec 16	109,553			
3rd Q	Jan-Mar 17	111,759			
4th Q	Apr-Jun 17	108,890			
Total		\$ 446,349	\$ 90,951	20.4%	26.0%

*amounts are net of internal service charges, and exclude transfers

Variance from Budget \$ 25,196 5.6%

FY 15-16 Actual FY 16-17 Actual FY 16-17 Budget



Positive

The Internal Audit Office has spent 20.4% of its FY 2016-17 budget through the first quarter, compared with a historical average of 26.0%. In terms of variance from the budget through the first quarter, expenditures are \$25,196 or 5.6% below the expected amount.



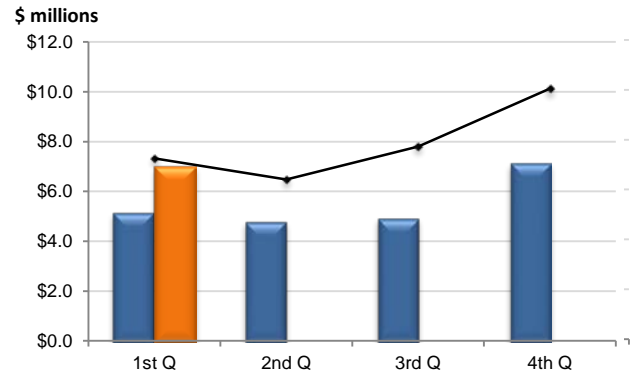
Internal Services

		FY 16-17 Adopted Budget*	FY 16-17 Actual Expend*	% of Budget Exp	% of Budget Hist
1st Q	Jul-Sep 16	\$ 7,331,909	\$ 7,029,235	22.2%	23.1%
2nd Q	Oct-Dec 16	6,474,189			
3rd Q	Jan-Mar 17	7,804,674			
4th Q	Apr-Jun 17	10,123,390			
Total		\$ 31,734,162	\$ 7,029,235	22.2%	23.1%

*amounts are net of internal service charges, and exclude transfers

Variance from Budget \$ 302,673 0.9%

FY 15-16 Actual FY 16-17 Actual FY 16-17 Budget



Positive

The Internal Services Department has spent 22.2% of its FY 2016-17 budget through the end of the first quarter, compared to the historical pattern of 23.1% during this period. In terms of variance from the budget in the first quarter, expenditures are \$302,673 or 0.9% below the expected amount.



Mayor and Council

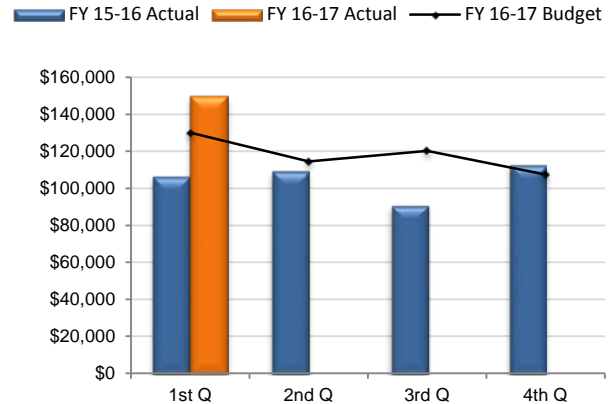
		FY 16-17 Adopted Budget*	FY 16-17 Actual Expend*	% of Budget Exp	% of Budget Hist
1st Q	Jul-Sep 16	\$ 130,031	\$ 150,097	31.8%	27.5%
2nd Q	Oct-Dec 16	114,570			
3rd Q	Jan-Mar 17	120,220			
4th Q	Apr-Jun 17	107,456			
Total		\$ 472,277	\$ 150,097	31.8%	27.5%

*amounts are net of internal service charges, and exclude transfers

Variance from Budget \$ (20,066) -4.3%

Watch

The Mayor and Council has spent 31.8% of its FY 2016-17 budget through the first quarter, compared with a historical average of 27.5%. In terms of variance from the budget in the first quarter, expenditures are \$20,066 or 4.3% above the expected amount due to the initial funding of health retirement accounts of three qualifying council members with anniversary dates falling in the first quarter. Although the department meets the criteria for "watch" status, the negative variance in the budget is normal for a department with so few employees and will stabilize by year end.



Municipal Budget Office

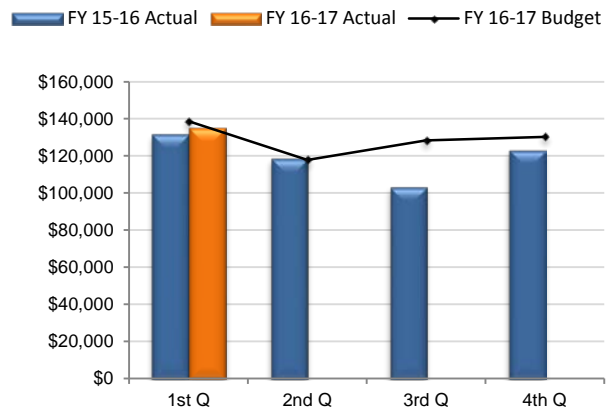
		FY 16-17 Adopted Budget*	FY 16-17 Actual Expend*	% of Budget Exp	% of Budget Hist
1st Q	Jul-Sep 16	\$ 138,654	\$ 135,244	26.3%	26.9%
2nd Q	Oct-Dec 16	117,747			
3rd Q	Jan-Mar 17	128,410			
4th Q	Apr-Jun 17	130,321			
Total		\$ 515,132	\$ 135,244	26.3%	26.9%

*amounts are net of internal service charges, and exclude transfers

Variance from Budget \$ 3,410 0.6%

Positive

The Municipal Budget Office has spent 26.3% of its FY 2016-17 budget through the first quarter, compared to a historical average of 26.9%. In terms of variance from the budget through the first quarter, expenditures are \$3,410 or 0.6% below the expected amount.

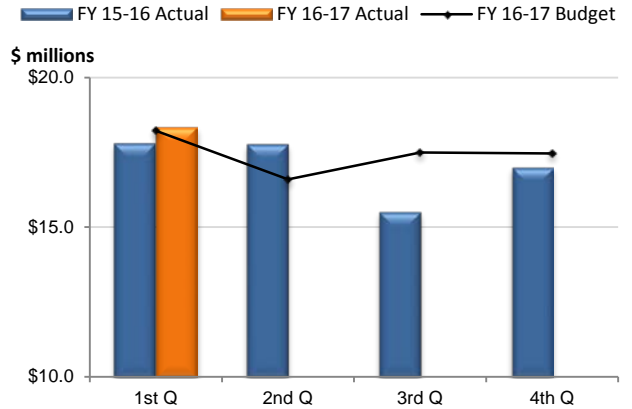


**Police**

		FY 16-17 Adopted Budget*	FY 16-17 Actual Expend*	% of Budget Exp	% of Budget Hist
1st Q	Jul-Sep 16	\$ 18,229,644	\$ 18,354,016	26.3%	26.1%
2nd Q	Oct-Dec 16	16,598,887			
3rd Q	Jan-Mar 17	17,497,001			
4th Q	Apr-Jun 17	17,464,409			
Total		\$ 69,789,941	\$ 18,354,016	26.3%	26.1%

*amounts are net of internal service charges, and exclude transfers

Variance from Budget \$ (124,372) -0.2%

**Positive**

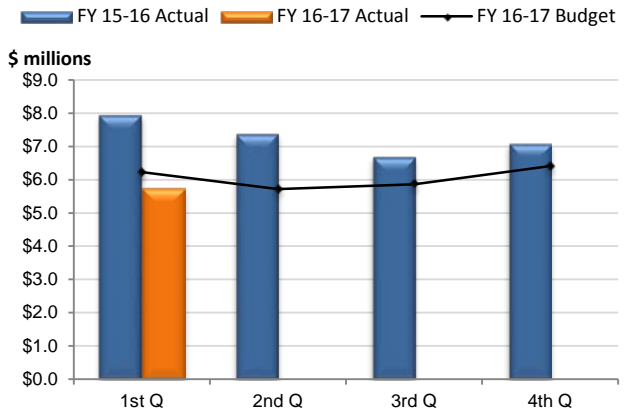
The Police Department has spent 26.3% of its FY 2016-17 budget through the first quarter, compared to a historical average of 26.1%. In terms of variance from the budget through the first quarter, expenditures are \$124,372 or 0.2% above the expected amount.

**Public Works**

		FY 16-17 Adopted Budget*	FY 16-17 Actual Expend*	% of Budget Exp	% of Budget Hist
1st Q	Jul-Sep 16	\$ 6,225,459	\$ 5,763,888	23.8%	25.7%
2nd Q	Oct-Dec 16	5,719,323			
3rd Q	Jan-Mar 17	5,867,114			
4th Q	Apr-Jun 17	6,412,442			
Total		\$ 24,224,338	\$ 5,763,888	23.8%	25.7%

*amounts are net of internal service charges, and exclude transfers

Variance from Budget \$ 461,572 1.9%

**Positive**

The Public Works Department has spent 23.8% of its FY 2016-17 General Fund budget through the first quarter, compared with a historical average of 25.7%. In terms of variance from the budget through the first quarter, expenditures are \$461,572 or 1.9% below the expected amount.

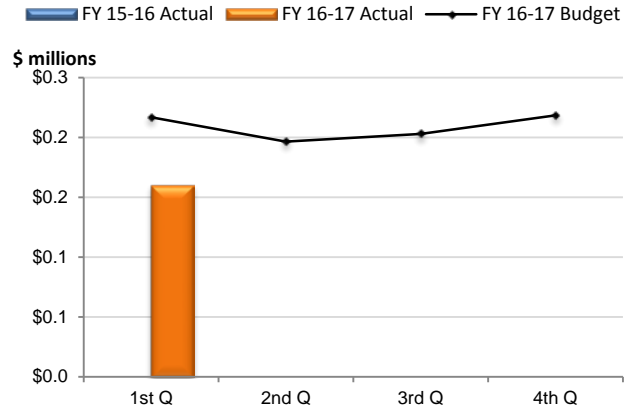


Strategic Management & Diversity

		FY 16-17 Adopted Budget*	FY 16-17 Actual Expend*	% of Budget Exp	% of Budget Hist
1st Q	Jul-Sep 16	\$ 216,927	\$ 160,580	19.2%	26.0%
2nd Q	Oct-Dec 16	196,599			
3rd Q	Jan-Mar 17	203,028			
4th Q	Apr-Jun 17	218,444			
Total		\$ 834,999	\$ 160,580	19.2%	26.0%

*amounts are net of internal service charges, and exclude transfers

Variance from Budget \$ 56,347 6.8%



Positive

The Strategic Management and Diversity Office has spent 19.2% of its FY 2016-17 budget through the first quarter, compared to a historical average of 26.0%. In terms of variance from the budget through the first quarter, expenditures are \$56,347 or 6.8% below the expected amount.

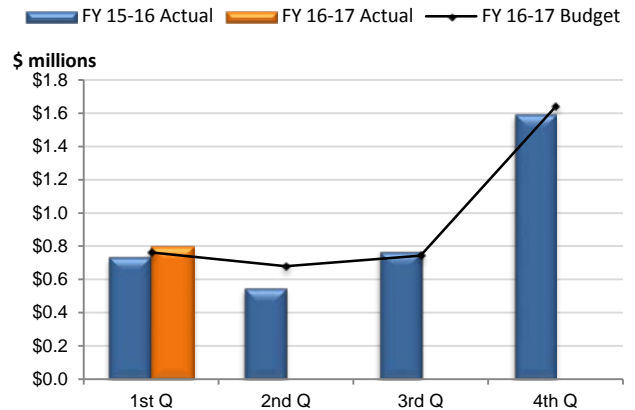


Non-Departmental

		FY 16-17 Adopted Budget*	FY 16-17 Actual Expend*	% of Budget Exp	% of Budget Hist
1st Q	Jul-Sep 16	\$ 762,820	\$ 802,413	21.0%	19.9%
2nd Q	Oct-Dec 16	678,421			
3rd Q	Jan-Mar 17	743,086			
4th Q	Apr-Jun 17	1,639,462			
Total		\$ 3,823,789	\$ 802,413	21.0%	19.9%

*amounts are net of internal service charges, and exclude transfers

Variance from Budget \$ (39,593) -1.1%



Positive

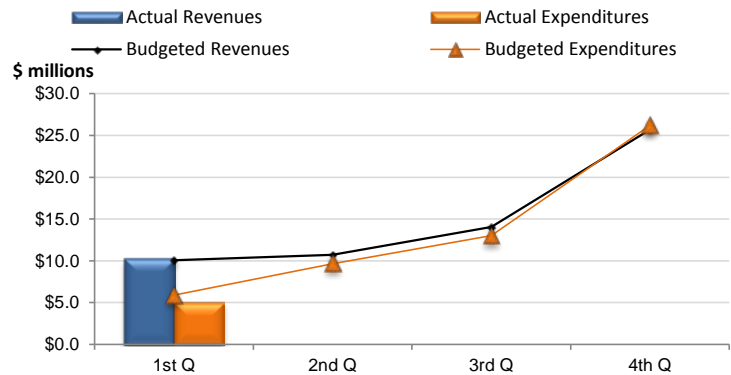
The Non-Departmental category of the budget includes items that do not directly relate to the operations of any one of the City's operating departments. Some examples of such expenditures include the payment of the Tempe Tourism Office's portion of the Bed Tax. Through the first quarter of FY 2016-17, Non-Departmental expenditures are 21.0% of the budget compared to the historical pattern of 19.9%. In terms of variance from the budget in the first quarter, expenditures are tracking \$39,593 or 1.1% above the historical average.



Transit Fund

	FY 16-17 Budget	FY 16-17 1Q Actual*	% Budget to Date
Total Revenues	\$ 60,513,753	\$ 10,412,172	17.2%
Operating	\$ 49,967,092	\$ 5,086,817	10.2%
Capital	120,000	9,389	7.8%
Debt Service	4,668,863	4,536	0.1%
Total Expenses	\$ 54,755,955	\$ 5,100,742	9.3%
Net Rev/Exp	\$ 5,757,798	\$ 5,311,430	

*amounts exclude transfers out and encumbrances



Positive

The Transit Fund accounts for the receipt of the Mass Transit Tax, a 0.5% tax on sales. Fund resources are dedicated to transit system planning, design, and operations, community outreach, and debt service. Through the end of the first quarter, there is an operating surplus in the Transit Fund of \$5.1 million. Transit Fund revenue is at 17.2% of budget which is in line with the historical tracking percentage of 16.6%. Expenditures are 9.3% of budget compared to the recent historical tracking percentage of 10.8%.

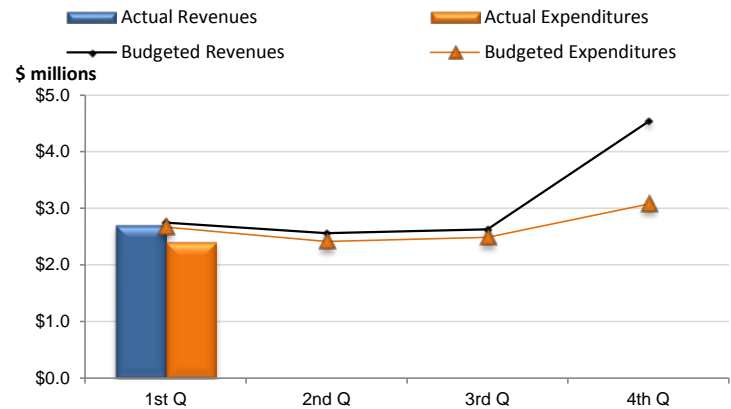


Highway User Revenue Fund

	FY 16-17 Budget	FY 16-17 1Q Actual*	% Budget to Date
Revenues	\$ 12,026,602	\$ 2,707,289	22.5%
Transfers In	450,000	-	0.0%
Total Revenues	\$ 12,476,602	\$ 2,707,289	21.7%
Operating	\$ 9,998,392	\$ 2,363,967	23.6%
Capital	644,998	35,498	5.5%
Transfers Out	4,941	4,770	0.0%
Total Expenses	\$ 10,648,331	\$ 2,404,235	22.6%
Net Rev/Exp	\$ 1,828,271	\$ 303,055	

*amounts exclude encumbrances

Positive



The Highway User Revenue Fund (HURF) accounts for the receipt of Highway User Revenue Fund distributions from the state. These revenues are derived largely from fuel taxes and vehicle registration fees, and are allocated based on Tempe's share of state population, as well as other factors. HURF resources are dedicated to Street and Traffic Operations, Maintenance, and Construction activities in the City. Revenues are 21.7% of budget compared to a historical average of 22.0%, while expenditures are 22.6% of budget compared to the three year historical trend of 25.1%.

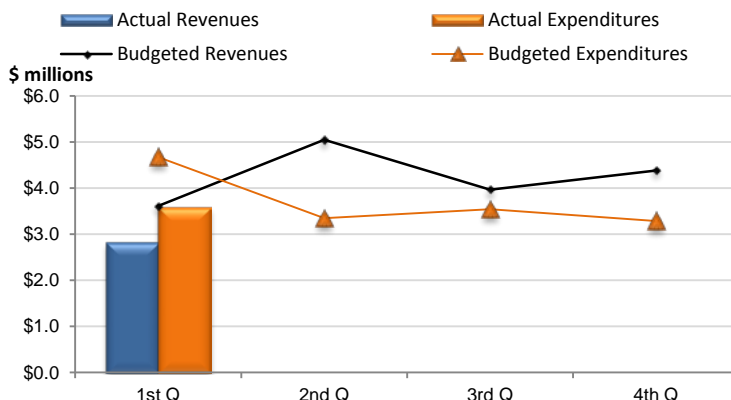


CDBG/Section 8 Funds

	FY 16-17 Budget	FY 16-17 1Q Actual*	% Budget to Date
Total Revenues	\$ 14,840,888	\$ 2,833,330	19.1%
Operating	\$ 14,360,355	\$ 3,203,890	22.3%
Capital	11,000	2,953	26.8%
Debt Service	469,533	394,012	0.0%
Total Expenses	\$ 14,840,888	\$ 3,600,854	24.3%
Net Rev/Exp	\$ -	\$ (767,524)	

*amounts exclude encumbrances

Positive



The Community Development Block Grant (CDBG) and Section 8 Funds are established to account for the receipt and expenditure of federal grants for redevelopment and rental subsidies for low income residents. Revenues through the first quarter total 19.1% of the FY 2016-17 budget, compared to the historical percentage of 19.9%. Expenditures through the first quarter total 24.3% of the FY 2016-17 budget, compared to the historical percentage of 31.5%. The net effect on the fund status through the first quarter is an operating deficit, though this is largely due to the timing of grant revenue receipts.

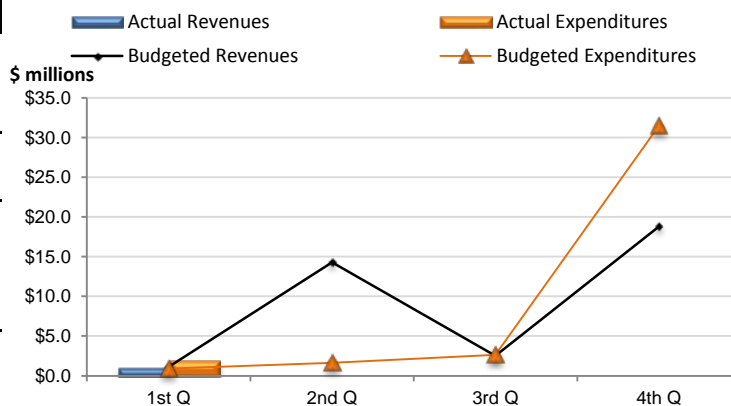


Debt Service Fund

	FY 16-17 Budget	FY 16-17 1Q Actual*	% Budget to Date
Revenues	\$ 26,577,755	\$ 493,197	1.9%
Transfers In	10,148,768	556,413	5.5%
Total Revenues	\$ 36,726,523	\$ 1,049,610	2.9%
Debt Service	\$ 25,245,501	\$ (121,911)	-0.5%
Transfers Out	11,418,100	2,209,679	0.0%
Total Expenses	\$ 36,663,601	\$ 2,087,768	5.7%
Net Rev/Exp	\$ 62,922	\$ (1,038,158)	

*amounts exclude encumbrances and impact of bond refunding

Positive

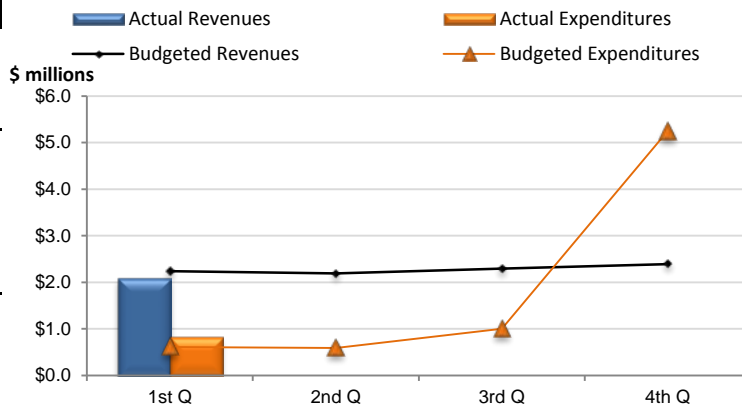


The Debt Service Fund accounts for the receipt of secondary property taxes to be used for payment of debt service on the City's tax supported debt. Actual revenues and expenditures through the first quarter are in line with historical budget comparisons and within budgeted parameters. The City receives significant revenue from the Maricopa County Assessor's Office in October and May. Because the City's property tax levy stabilization policy provides a predictable revenue stream for paying annual property tax-supported debt service payments, existing fund balance in the Debt Service Fund can be utilized to repay short-term property tax supported debt. Repayment of this debt will result in spending down the fund balance in the fund to between 4% and 8% of outstanding property tax supported debt, and will enhance the City's capacity to continue to issue property tax supported debt within the City's legal debt limits.



Performing Arts Fund

	FY 16-17 Budget	FY 16-17 1Q Actual*	% Budget to Date
Total Revenues	\$ 9,105,457	\$ 2,095,261	23.0%
Operating	\$ 3,961,060	\$ 817,233	20.6%
Capital	45,100	-	0.0%
Debt Service	3,437,850	2,376	0.1%
Total Expenses	\$ 7,444,010	\$ 819,609	11.0%
Net Rev/Exp	\$ 1,661,447	\$ 1,275,652	



Positive

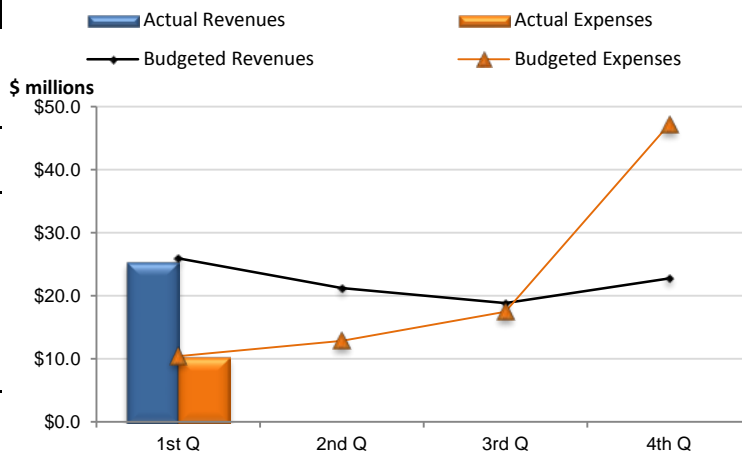
*amounts exclude encumbrances

The Performing Arts Fund accounts for the receipt of the 0.1% Performing Arts Sales Tax, which is used to fund operating and debt service expenses associated with the Tempe Center for the Arts (TCA). Revenues through the first quarter of FY 2016-17 are 23.0% of budget, compared to the historical tracking percentage of 24.6%. Total expenditures are 11.0% of budget. The fund will continue to operate in a deficit mode until FY 2016-17, when half of the debt issued to build the TCA will be retired, resulting in reduced annual debt service costs, which will begin generating annual surpluses. This trend will continue until the arts tax expires in December of 2020, at which point, an annual deficit of over \$2 million is projected.



Water/ Wastewater Fund

	FY 16-17 Budget	FY 16-17 1Q Actual*	% Budget to Date
Revenues	\$ 82,412,650	\$ 25,324,560	30.7%
Transfers In	6,344,921	-	0.0%
Total Revenues	\$ 88,757,571	\$ 25,324,560	28.5%
Operating	\$ 41,567,871	\$ 10,231,464	24.6%
Capital	666,165	88,114	13.2%
Debt Service	39,315,885	(304,631)	-0.8%
Transfers Out	6,398,726	313,645	0.0%
Total Expenses	\$ 87,948,647	\$ 10,328,591	11.7%
Net Rev/Exp	\$ 808,924	\$ 14,995,968	



Positive

*amounts exclude contingencies, encumbrances and inventory accounts

The Water/Wastewater Fund is a self-supporting enterprise fund used to account for all water and wastewater treatment operations in the City. Total revenues through the first quarter of FY 2016-17 are 28.5% of budget compared to the historical average of 29.2%. Total expenses through the first quarter are 11.7% of budget compared to 11.9% historically. Through the first quarter, the fund posted a \$15.0 million surplus. This is the result of the timing of debt service payments and payments for regional wastewater services, which occur in the fourth quarter.

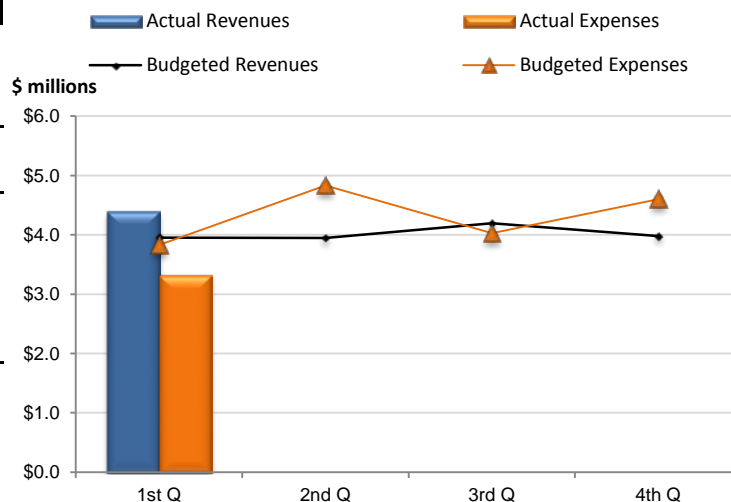


Solid Waste Fund

	FY 16-17 Budget	FY 16-17 1Q Actual*	% Budget to Date
Revenues	\$ 15,872,148	\$ 4,201,941	26.5%
Transfers In	200,000	200,000	100.0%
Total Revenues	\$ 16,072,148	\$ 4,401,941	27.4%
Operating	\$ 14,630,129	\$ 3,325,181	22.7%
Capital	2,652,460	154	0.0%
Transfers Out	4,941	4,770	0.0%
Total Expenses	\$ 17,287,530	\$ 3,330,104	19.3%
Net Rev/Exp	\$ (1,215,382)	\$ 1,071,836	

*amounts exclude encumbrances

Positive



The Solid Waste Fund is a self-supporting enterprise fund intended to recover all operating, maintenance, and capital costs of providing residential and commercial solid waste services. Total revenues through the first quarter of FY 2016-17 are 27.4% of budget compared to 24.6% historically. Total expenses through the first quarter are 19.3% of budget compared to 22.1% historically. The adopted budget includes a \$1.2 million operating deficit for a planned spend down of fund balance and approved rate adjustments in order to stabilize the fund. Through the first quarter, the operating surplus is \$1.1 million.

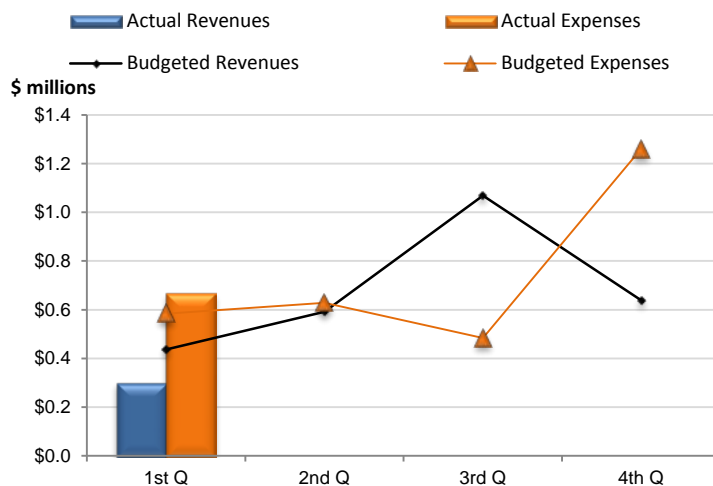


Golf Fund

	FY 16-17 Budget	FY 16-17 1Q Actual*	% Budget to Date
Revenues	\$ 2,662,026	\$ 227,865	8.6%
Transfers In	74,000	74,000	100.0%
Total Revenues	\$ 2,736,026	\$ 301,865	11.0%
Operating	\$ 2,506,872	\$ 635,069	25.3%
Capital	267,276	32,692	12.2%
Transfers Out	182,450	-	0.0%
Total Expenses	\$ 2,956,598	\$ 667,761	22.6%
Net Rev/Exp	\$ (220,572)	\$ (365,897)	

*amounts exclude encumbrances

Positive



The Golf Fund is a self-supporting enterprise fund that provides for operation, maintenance, and debt service costs associated with two municipal golf courses. Total revenues through the first quarter of FY 2016-17 are 11.0% of budget compared to 15.9% historically. Total expenses through the first quarter are 22.6% of budget compared to the historical tracking percentage of 19.8%. The adopted budget projects a \$220,572 operating deficit. Through the first quarter, the fund had an operating deficit of \$365,897. This is due primarily to the renovations that caused closures of the Rolling Hills golf course for the majority of the first quarter.

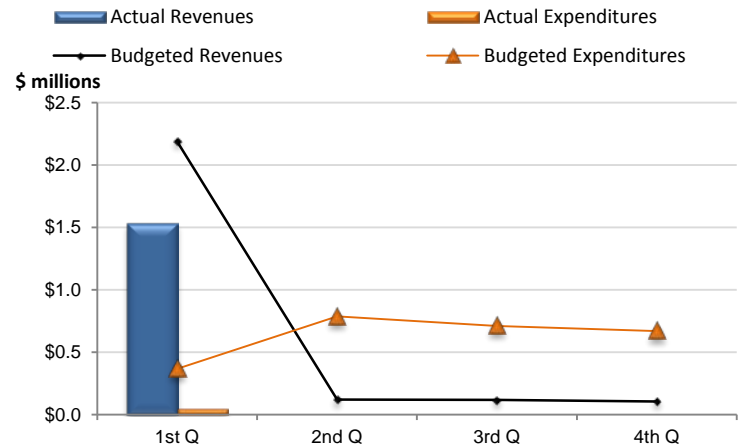


Restricted Revenue and Donations

	FY 16-17 Budget	FY 16-17 1Q Actual*	% Budget to Date
Total Revenues	\$ 2,533,428	\$ 1,533,279	60.5%
Total Expenses	\$ 2,533,428	\$ 47,298	1.9%
Net Rev/Exp	\$ -	\$ 1,485,981	

*amounts exclude encumbrances and contingency appropriations

Positive



The Restricted Revenue and Donations Fund accounts for the receipt and expenditure of restricted revenue and donations related to general governmental activities. Revenues through the first quarter total 60.5%, while expenditures total 1.9%. The large operating surplus through the first quarter is mostly due to the carry forward of the prior year's revenues, which will be expended during the remainder of the year according to the provisions of the applicable agreements.

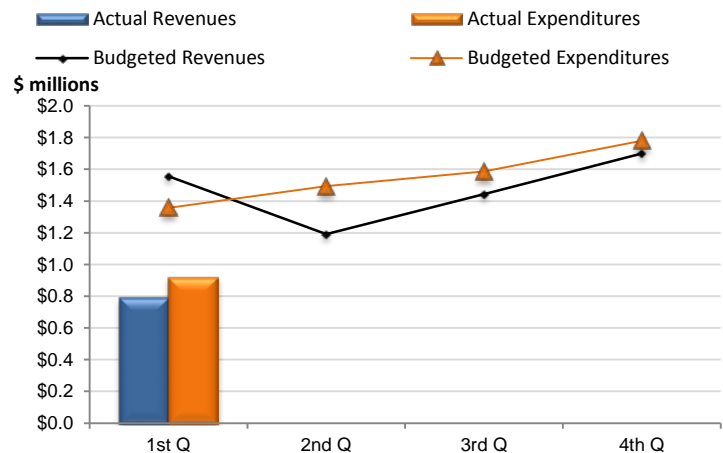


Police Dept-RICO & Grants

	FY 16-17 Budget	FY 16-17 1Q Actual*	% Budget to Date
Total Revenues	\$ 5,889,684	\$ 795,586	13.5%
Total Expenses	\$ 6,217,608	\$ 923,238	14.8%
Net Rev/Exp	\$ (327,924)	\$ (127,652)	

*amounts exclude encumbrances and contingency appropriations

Positive



The Police Dept-RICO & Grants Fund accounts for the receipt and expenditure of grants, donations, asset forfeitures, and tow hearing fines associated with Police Department activities. Revenues through the first quarter total 13.5% of the FY 2016-17 budget, compared to the historical percentage of 26.4%. Expenditures through the first quarter total 14.8% of the FY 2016-17 budget, compared to the historical percentage of 21.8%. The net effect on the fund's status through the first quarter is an operating deficit of \$127,652, though this is largely due to the timing of grant revenues which typically occur on a reimbursement basis.

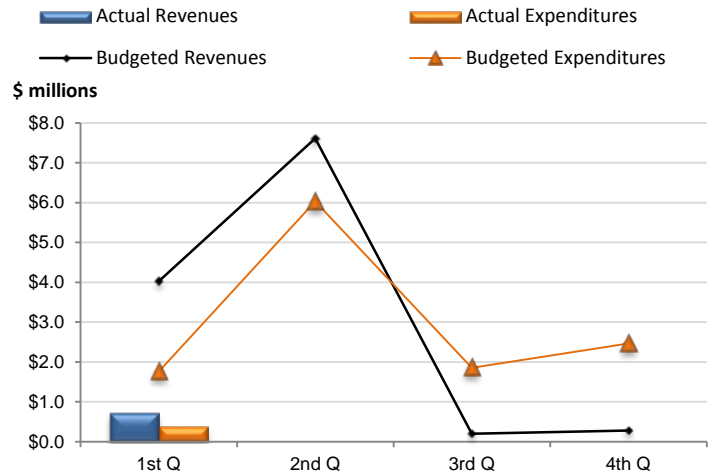


Governmental Grants

	FY 16-17 Budget	FY 16-17 1Q Actual*	% Budget to Date
Total Revenues	\$ 12,122,895	\$ 718,324	5.9%
Total Expenses	\$ 12,122,895	\$ 379,365	3.1%
Net Rev/Exp	\$ -	\$ 338,958	

*amounts exclude encumbrances and contingency appropriations

Positive



The Governmental Grants Fund accounts for the receipt and expenditure of grants related to general governmental activities. Revenues through the first quarter total 5.9%, while expenditures total 3.1%. The large operating surplus through the first quarter is mostly due to the carry forward of the prior year's grant revenues, which will be expended during the remainder of the year according to the provisions of the applicable grant agreements.

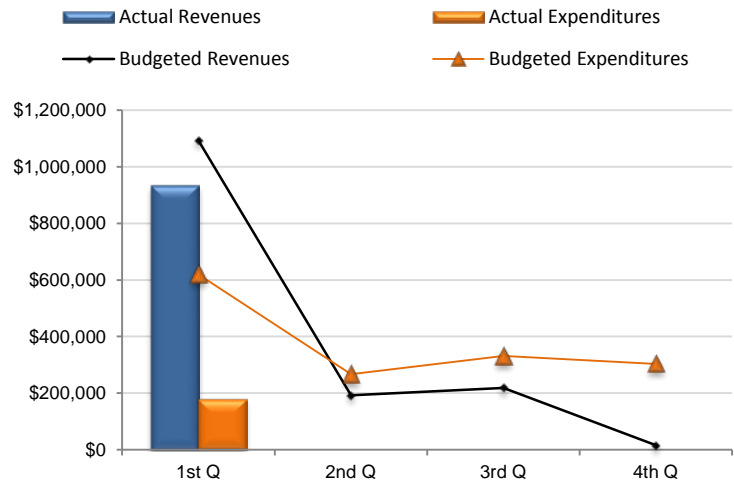


Court Enhancement Fund

	FY 16-17 Budget	FY 16-17 1Q Actual*	% Budget to Date
Total Revenues	\$ 1,521,750	\$ 935,970	61.5%
Total Expenses	\$ 1,521,750	\$ 181,525	11.9%
Net Rev/Exp	\$ -	\$ 754,445	

*amounts exclude encumbrances and contingency appropriations

Positive



The Court Enhancement Fund is established to account for fine, fee and forfeiture revenues dedicated for City Court purposes pursuant to state statute and city code. Revenues through the first quarter total 61.5% of the FY 2016-17 budget, compared to the historical percentage of 71.9%. Expenditures through the first quarter total 11.9% of the FY 2016-17 budget, compared to the historical percentage of 40.8%. The large operating surplus through the first quarter is mostly due to the carry forward of the prior year's grant revenues, which will be expended during the remainder of the year. Expenditures are below their expected levels based on historical patterns, however the shortfalls contribute to the operating surplus, resulting in minimal impact on the status of the fund.